

CASEVILLE HOUSING COMMISSION

Financial Statements

March 31, 2008

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

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***John C. DiPiero, P.C.***

Certified Public Accountant

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Board of Commissioners  
Caseville Commission  
6905 N. Caseville Road  
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### **Independent Auditor's Report**

I have audited the financial statements of the Caseville Housing Commission's Business Type Activities as of and for the year ended March 31, 2008. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Caseville Housing Commission as of March 31, 2008, and the results of its operations and the cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the supplemental information are not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2008 on my consideration of the Caseville Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, if fairly stated in all material respects in relation to the financial statements taken as whole.

Certified Public Accountant

September 5, 2008

CASEVILLE HOUSING COMMISSION  
Management Discussion and Analysis  
March 31, 2008

This discussion and analysis of the Caseville Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the financial statements.

### Entity-Wide Statements

The combined financial statements show, in one place, all the Commission's operations. Our statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses connected with the fiscal year are taken into account even if the cash involved has not actually been received or paid. The Financial Data Schedule included within the audit report contains all the programs of the Commission.

### Fund Statements

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Proprietary Fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

### Entity-Wide Financial Highlights

The Commission was awarded and received the following Federal Assistance:

	<u>Year 2008</u>	<u>Year 2007</u>
Operating Subsidies	\$ 47,465	\$ 55,253
Capital Projects Funds	118,736	11,614

Comparison of the current year to the past and discussion of significant changes as follows:

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Net Change</u>
Cash & cash equivalents	\$ 22,193	\$ 8,333	\$ 13,860
Accounts Receivable	1,204	4,191	(2,987)
Investments			
(Restricted/Unrestricted)	134,623	173,506	(38,883)
Prepaid Expenses	7,473	6,814	659
Fixed Assets, prior to			
Depreciation	1,930,980	1,800,924	130,056
Total Liabilities	42,018	33,220	8,798
Net Assets	1,200,697	1,172,347	28,350

Management Discussion and Analysis, continued

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Net Change</u>
Revenues:			
Tenant Revenues	103,976	107,244	(3,268)
HUD Grants	166,201	66,867	99,334
Expenses:			
Administrative	77,613	81,710	(4,097)
Tenant Services	1,878	2,443	(565)
Utilities	29,814	28,115	1,699
Maintenance & Operations	59,540	49,131	10,409
General Expenses	16,695	16,689	6
Extra Ordinary Maintenance	2,070	0	2,070
Depreciation Expense	<u>65,557</u>	<u>60,833</u>	4,724
Total Operating Expenses	<u>253,167</u>	<u>238,921</u>	14,246
Net Income (Loss)	28,350	(53,287)	81,637

The Commission's cash position increased during the year, our accounts receivable decreased, our investments decreased; our fixed assets before depreciation increased, total liabilities increased, and Net Assets increased. HUD grants increased, general expenses in total increased, and net income increased over a prior year loss. Net assets increased in the amount of the net income of \$ 28,350.

Cash increased as a result of net income after contributions and before depreciation of \$ 93,907; in addition cash was used to acquire fixed assets. Accounts receivable decreased by the amount of the HUD receivable; no HUD receivables exist at March 31, 2008. Investments decreased; the proceeds helped to acquire fixed assets. Prepaid expenses decreased marginally, total liabilities increased \$ 8,798- this is a result of PILOT for the periods March 31, 2007 and 2008 were unpaid at the end of the year, which is a net increase \$ 7,409, and an increase in accounts payable- \$ 2,595.

HUD grants are a result of requisitioning eligible funds. HUD grants received are a result of calculations under the Performance Funding System, and Capital grants authorized and obligated during the year. Subsidies decreased \$ 7,788; subsidies are the result of a complicated formula involving rental income, utilities, allowable expenses, and factors supplied by HUD. The Commission was eligible for \$ 57,884 under the Performance Funding System calculations, however, Congress on funded 82% of eligibility, therefore, the Commission had an overall decrease in actual subsidies in the amount of \$ 7,788. The Capital Fund increased \$ 107,122- in the prior year the Commission was under a different administration and a transition to a new administration, therefore, little capital activity occurred; capital assets will be discussed later in this report.

## Management Discussion and Analysis, continued

Total expenses increased 5% for the year; the largest increase was contract cost, \$ 10,409; several contracts were up for renewal and others were entered into, the increases are within the 3-5% range which is within expected norms.

The Commission provided the following housing for low to moderately low income families:

	<u>Year 2008</u>	<u>Year 2007</u>
Low Rent Public Housing	47	47

### General Fund Budgetary Highlights

The Commission approved an operating budget on May 30, 2007 for the fiscal year ending March 31, 2008, and amended the budget to more closely reflect the actual results on March 26, 2008.

The significant changes between the original and revised budget are as follows:

	<u>Original</u>	<u>Revised</u>	<u>Increase/ (Decrease)</u>
Subsidies	\$ 56,080	\$ 52,521	(3,559)
Capital Improvements	500	17,950	17,450
Total Operating Profit (Loss)	(14,670)	(39,731)	(25,061)

The actual subsidies were pro-rated twice during the year, our final Subsidies were actually lower than our last estimate by \$ 5,056. Our original plans for improvements included using the Capital Fund to complete a roofing project; to complete all the roofs we needed to use an additional \$ 16,376 from operations, therefore we had to increase our capital improvements budget accordingly. The net decrease in subsidies and use of operational funds to complete the roofing project resulted in our estimate of additional loss; the good news is our estimates were far exceeded by our actual results. The Commission enjoyed a net profit after all cost and contributions of \$ 28,350. The Commission's success is a result of a very conservative budget and good management.

### Entity Wide Capital Assets

The fixed assets increased \$ 130,056 prior to depreciation. The additions included replacing roofs. We used our 2005, 2006, and part of the 2007 Capital Project Funds (CFP) in addition to \$ 16,376 from operations to complete the roofing project. We plan on using the balance of the 2007 CFP money and our 2008 CFP to renovate failing windows and upgrade some kitchens and bathrooms on a selective basis. The windows were replaced several years ago and remain functional, however, some weather effectiveness has been compromised and will need to be replaced.

## Management Discussion and Analysis, continued

### **Commission's Position**

The Commission is concerned with the increase in Federal unfunded mandates such as project based accounting, asset management, and uncertainty in future funding with the new subsidy calculations and cuts in other federal programs. The uncertainty makes budgeting and planning difficult, and yet, we must continue to provide safe, sanitary and decent housing for the low and moderately low income elderly families. The Commission intends on using our Capital Fund Projects (CFP) as discussed above.

Questions or comments concerning this Management Discussion and Analysis may be directed to:

Deanne Prutchick, Executive Director  
6925 N. Caseville Road  
Caseville, Michigan 48725



CASEVILLE HOUSING COMMISSION  
Statement of Net Assets  
March 31, 2008

**ASSETS**

**C-3219**

CURRENT ASSETS

Cash	\$	22,193	
Accounts Receivable		296	
Accounts Receivable- Miscellaneous		277	
Accrued Interest Receivable		631	
Investments		134,623	
Prepaid Expenses		<u>7,473</u>	
Total Current Assets	\$		165,493

NON CURRENT ASSETS

Land	\$	75,000	
Buildings		1,771,473	
Furniture, Equipment- Dwellings		9,668	
Furniture, Equipment- Administrative		59,728	
Construction in Progress		15,111	
Accumulated Depreciation		<u>(853,758)</u>	
Total Non Current Assets			<u>1,077,222</u>

TOTAL ASSETS \$ 1,242,715

CASEVILLE HOUSING COMMISSION  
Statements of Net Assets  
March 31, 2008

**LIABILITIES**

**C-3219**

**CURRENT LIABILITIES**

Accounts Payable	\$	10,379	
Accrued Wages & Payroll Taxes		3,861	
Accrued Compensated Absences		931	
Accounts Payable-Other Governments		15,322	
Tenants Security Deposit		<u>11,525</u>	
 <u>Total Liabilities</u>	\$		42,018

**NET ASSETS**

Investment in Fixed Assets, net of related Debt	\$	1,077,222	
Unrestricted Net Assets		<u>123,475</u>	
 <u>Total Net Assets</u>	\$		<u>1,200,697</u>
 <u>TOTAL LIABILITIES &amp; NET ASSETS</u>	\$		<u>1,242,715</u>

The Accompanying Notes are an Integral part of the Financial Statements

CASEVILLE HOUSING COMMISSION  
Statement of Revenue, Expenses, and Changes in Net Assets  
For the year ended March 31, 2008

OPERATING REVENUE

Tenant Rental Revenue	\$ 103,906	
Tenant	70	
HUD Grants	52,521	
Interest Income	5,994	
Other Income	<u>5,346</u>	
<u>Total Operating Revenue</u>		\$ 167,837

EXPENSES

Administrative	\$ 77,613	
Tenant Services	1,878	
Utility Expenses	29,814	
Ordinary Maintenance	59,540	
General Expenses	16,695	
Extra Ordinary Maintenance	2,070	
Depreciation Expenses	<u>65,557</u>	
<u>Total Operating Expenses</u>		<u>253,167</u>

<u>Operating Income (Loss)</u>	\$ (85,330)
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<u>CAPITAL CONTRIBUTIONS</u>	<u>113,680</u>
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<u>Changes in Net Assets</u>	\$ 28,350
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Total Net Assets- Beginning	<u>1,172,347</u>
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Total Net Assets- Ending	<u>\$ 1,200,697</u>
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The Accompanying Notes are an Integral part of the Financial Statements

CASEVILLE HOUSING COMMISSION  
Statement of Cash Flows  
For the Year Ended March 31, 2008

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 103,993
Payments to Suppliers	(72,425)
Payments to Employees	(65,193)
HUD Grants	52,521
Other Receipts (Payments)	<u>11,340</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>30,236</u>

CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES

Capital Contributions	\$ 113,680
Purchases of Capital Assets	<u>(130,056)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ <u>(16,376)</u>
Net increase (Decrease) to Cash	\$ 13,860
Balance- Beginning of Year	<u>8,333</u>
Balance- End of Year	\$ <u>22,193</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ (85,330)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	65,557
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	2,987
Investments	38,883
Prepaid Expenses	(659)
Changes in Liabilities Increase (Decrease):	
Accounts Payable	2,595
Accrued Wages & Payroll Taxes	(1,140)
Compensated Absences	931
Accounts Payable- Other Governments	7,409
Security Deposits	(910)
Deferred Revenue	<u>(87)</u>
Net Cash Provided by Operating Activities	\$ <u>30,236</u>

The Accompanying Notes are an Integral part of the Financial Statements

CASEVILLE HOUSING COMMISSION  
Notes to Financial Statements  
March 31, 2008

NOTE 1: Summary of Significant Accounting Policies

**Reporting Entity-**

Caseville Housing Commission, Caseville, Michigan, (Commission) was created by ordinance of the city of Caseville. The Commission signed and Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 191-1	Low rent program	47 units
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In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. Based on the above criteria, no component units exist.

These criteria were considered in determining the reporting entity.

**Basis of Presentation-**

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## Notes to Financial Statements- continued

### Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

### Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 31, 1989, unless they conflict with Governmental Accounting Standards Board (GASB) pronouncements.

### Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

### Assets, Liabilities, and Net Assets-

#### Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Notes to Financial Statements- continued

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is reported as Invested in Capital Assets, Net of Related Debt.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Compensated Absences

Sick leave and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

General Fund Checking Account	\$ 20,712
Savings Account	1,381
Petty Cash	<u>100</u>
Financial Statement Total	\$ <u>22,193</u>

Investments:

Certificates of Deposit:

Certificates of Deposit	\$ <u>173,506</u>
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Notes to the Financial Statements- continued

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

	<u>Categories</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Cash:					
Checking A/C's	\$ 20,712	\$	\$	\$ 20,712	\$ 20,712
Savings Account	1,381			1,381	1,381
Petty Cash	<u>100</u>			<u>100</u>	<u>100</u>
Total Cash	\$ <u>22,193</u>	\$	\$	\$ <u>22,193</u>	\$ <u>22,193</u>
Investments:					
C/D's	\$ <u>173,506</u>	\$	\$	\$ <u>173,506</u>	\$ <u>173,506</u>

In addition to the above analysis, the Commission has adopted an investment policy as required by P.A. 196 of 1997; Michigan Compiled Law 129.95.

Note 3: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Land	\$ 75,000	\$	\$	\$ 75,000
Buildings	1,641,417	130,056		1,771,473
Furniture & Equipment-Dwellings	9,668			9,668
Furniture & Equipment-Admin	59,728			59,728
Leasehold Improvements	<u>15,111</u>			<u>15,111</u>
	\$ 1,800,924	\$ 130,056	\$	\$ 1,930,980
Less Accumulated Depreciation	<u>788,201</u>	<u>65,557</u>		<u>853,758</u>
	\$ <u>1,012,723</u>	\$ <u>64,499</u>	\$ <u>0</u>	\$ <u>1,077,222</u>



Notes to Financial Statements- continued

Note 4: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 3,215,000
General Liability	1,000,000
Automobile Liability	1,000,000
Dishonesty Bond	1,000,000
Worker's Compensation and other riders: Coverage's required by the State of Michigan	

Note 5: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 6: Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

## Caseville Housing Commission

31-Mar-08

MI-191

	Account Description	Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	<b>ASSETS:</b>			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	10,668		10,668
112	Cash - restricted - modernization and developmer		-	-
113	Cash - other restrictec			-
114	Cash - tenant security deposit	11,525	-	11,525
100	Total cash	22,193	-	22,193
	Accounts and notes receivables			
121	Accounts receivable - PHA project			-
122	Accounts receivable - HUD other project	-	-	-
124	Accounts receivable - other governmen	-		-
125	Accounts receivable - miscellaneou	277	-	277
126	Accounts receivable- tenants - dwelling rent	296		296
126.1	Allowance for doubtful accounts - dwelling rent	-		-
126.2	Allowance for doubtful accounts - othe	-		-
127	Notes and mortgages receivable- curren			-
128	Fraud recovery			-
128.1	Allowance for doubtful accounts - fraud			-
129	Accrued interest receivable	631		631
120	Total receivables, net of allowances for doubtful account	1,204	-	1,204
	Current investments			-
131	Investments - unrestricted	134,623		134,623
132	Investments - restrictec	-		-
142	Prepaid expenses and other asset	7,473	-	7,473
143	Inventories	-	-	-
143.1	Allowance for obsolete inventorie	-	-	-
144	Interprogram - due from	-	-	-
146	Amounts to be providec			-
150	TOTAL CURRENT ASSETS	165,493	-	165,493
	NONCURRENT ASSETS:			
	Fixed assets:			
161	Land	75,000	-	75,000
162	Buildings	1,652,481	118,992	1,771,473
163	Furniture, equipment & machinery - dwelling	9,668	-	9,668
164	Furniture, equipment & machinery - administratio	58,936	792	59,728
165	Leasehold improvement:	15,111	-	15,111
166	Accumulated depreciator	(848,296)	(5,462)	(853,758)
160	Total fixed assets, net of accumulated depreciatio	962,900	114,322	1,077,222
171	Notes and mortgages receivable - non-curren			-
172	Notes and mortgages receivable-non-current-past du			-
174	Other assets			-
175	Undistributed debit:			-
176	Investment in joint venture:			-
180	TOTAL NONCURRENT ASSETS	962,900	114,322	1,077,222
190	TOTAL ASSETS	1,128,393	114,322	1,242,715

	<b>LIABILITIES AND EQUITY:</b>			
	<b>LIABILITIES:</b>			
	<b>CURRENT LIABILITIES</b>			
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	10,379	-	10,379
313	Accounts payable > 90 days past due		-	-
321	Accrued wage/payroll taxes payable	3,861	-	3,861
322	Accrued compensated absence	931	-	931
324	Accrued contingency liability			-
325	Accrued interest payable			-
331	Accounts payable - HUD PHA program			-
332	Accounts Payable - PHA Project			
333	Accounts payable - other government	15,322	-	15,322
341	Tenant security deposits	11,525	-	11,525
342	Deferred revenues	-	-	-
343	Current portion of Long-Term debt - capital project		-	-
344	Current portion of Long-Term debt - operating borrowing			-
345	Other current liabilities			-
346	Accrued liabilities - other	-		-
347	Inter-program - due to	-	-	-
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>42,018</b>	<b>-</b>	<b>42,018</b>
	<b>NONCURRENT LIABILITIES:</b>			
351	Long-term debt, net of current- capital project			-
352	Long-term debt, net of current- operating borrowing			-
353	Noncurrent liabilities- other	-		-
350	<b>TOTAL NONCURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
300	<b>TOTAL LIABILITIES</b>	<b>42,018</b>	<b>-</b>	<b>42,018</b>
	<b>EQUITY:</b>			
501	Investment in general fixed asset			-
	<b>Contributed Capital:</b>			
502	Project notes (HUD)			-
503	Long-term debt - HUD guarantees	-	-	-
504	Net HUD PHA contributions	-		-
505	Other HUD contributions			-
507	Other contributions	-		-
508	Total contributed capital	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	962,900	114,322	1,077,222
	Reserved fund balance			-
509	Reserved for operating activities			-
510	Reserved for capital activities	-		-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-
512.1	Unrestricted Net Asset	123,475		123,475
513	<b>TOTAL EQUITY</b>	<b>1,086,375</b>	<b>114,322</b>	<b>1,200,697</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,128,393</b>	<b>114,322</b>	<b>1,242,715</b>

- - -

## Caseville Housing Commission

31-Mar-08

MI-191

Combining Income Statement		Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	<b>REVENUE:</b>			
703	Net tenant rental revenue	103,906		103,906
704	Tenant revenue - other	70	-	70
705	Total tenant revenue	103,976	-	103,976
706	HUD PHA grants	47,465	118,736	166,201
708	Other government grants			-
711	Investment income - unrestricted	5,994	-	5,994
712	Mortgage interest income	-		-
714	Fraud recovery			-
715	Other revenue	5,346		5,346
716	Gain or loss on the sale of fixed asset			-
720	Investment income - restricted			-
700	<b>TOTAL REVENUE</b>	162,781	118,736	281,517
	<b>EXPENSES:</b>			
	Administrative			
911	Administrative Salaries	42,735	-	42,735
912	Auditing Fees	2,600		2,600
913	Outside management fee:			-
914	Compensated absence:	931		931
915	Employee benefit contributions-administrativ	13,321	-	13,321
916	Other operating administrative	18,026	-	18,026
	Tenant services			
921	Tenant services - salaries	-	-	-
922	Relocation costs		-	-
923	Employee benefit contributions- tenant service	-	-	-
924	Tenant services - other	1,878	-	1,878
	Utilities			
931	Water	18,898	-	18,898
932	Electricity	5,699	-	5,699
933	Gas	5,217	-	5,217
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	-		-
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	22,458	-	22,458
942	Ordinary maintenance and operations - materials & other	8,437	-	8,437
943	Ordinary maintenance and operations - contract cost	25,852	-	25,852
945	Employee benefit contributions- ordinary maintenance	2,793	-	2,793
	Protective services:			
951	Protective services - labor			-

952	Protective services- other contract cost	-		-
953	Protective services - othe	-		-
955	Employee benefit contributions- protective service	-		-
	General expenses			
961	Insurance premiums	9,286	-	9,286
962	Other General Expense	-	-	-
963	Payments in lieu of taxes	7,409		7,409
964	Bad debt - tenant rent	-	-	-
965	Bad debt- mortgages			-
966	Bad debt - other			-
967	Interest expense		-	-
968	Severance expense	-		-
969	<b>TOTAL OPERATING EXPENSES</b>	185,540	-	185,540
970	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	(22,759)	118,736	95,977
971	Extraordinary maintenance	1,568		1,568
972	Casualty losses - non-capitalized	502		502
973	Housing assistance payment			-
974	Depreciation expense	60,661	4,896	65,557
975	Fraud losses			-
976	Capital outlays- governmental fund	-		-
977	Debt principal payment- governmental fund			-
978	Dwelling units rent expense			-
900	<b>TOTAL EXPENSES</b>	248,271	4,896	253,167
	<b>OTHER FINANCING SOURCES (USES)</b>			
1001	Operating transfers in (out)	5,056	(5,056)	-
1002	Operating transfers out			
1003	Operating transfers from/to primary government			
1004	Operating transfers from/to component unit			
1005	Proceeds from notes, loans and bonds			
1006	Proceeds from property sales			
1010	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	5,056	(5,056)	-
1000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b>	(80,434)	108,784	28,350

CASEVILLE HOUSING COMMISSION  
Status of Prior Audit Findings  
March 31, 2008

The prior audit of the Caseville Housing Commission for the period ended March 31, 2007, contained one audit finding, the corrective action taken by the Commission is as follows:

1) Tenant Discrepancies- Month to month lease has been changed to an annual lease. This finding has been closed.

CASEVILLE HOUSING COMMISSION  
Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*  
March 31, 2008

I have audited the financial statements of the Caseville Housing Commission of Caseville, Michigan, as of and for the year ended March 31, 2008, and have issued my report thereon dated September 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the Commission's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency*, or combination of control deficiencies, that diversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, Board of Commissioners, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Certified Public Accountant  
Hemlock, Michigan  
September 5, 2008



CASEVILLE HOUSING COMMISSION  
Schedule of Findings and Questioned Cost  
March 31, 2008

**Section I- Summary of Auditor's Results:**

***Financial Statements***

Type of auditor's report issued- Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Non Compliance material to financial statements noted	_____ Yes	_____ <u>X</u> No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported

Type of auditor's report issued on compliance for major programs- Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of Major Programs:

<u>Name of Federal Program</u>	<u>Major Program</u>	<u>Questioned Costs</u>	<u>Audit Finding Number</u> .
Low Rent Public Housing	Yes	None	N/A
Capital Projects Funds	Yes	None	N/A

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None